

API Monogram Program and BOP Licensing

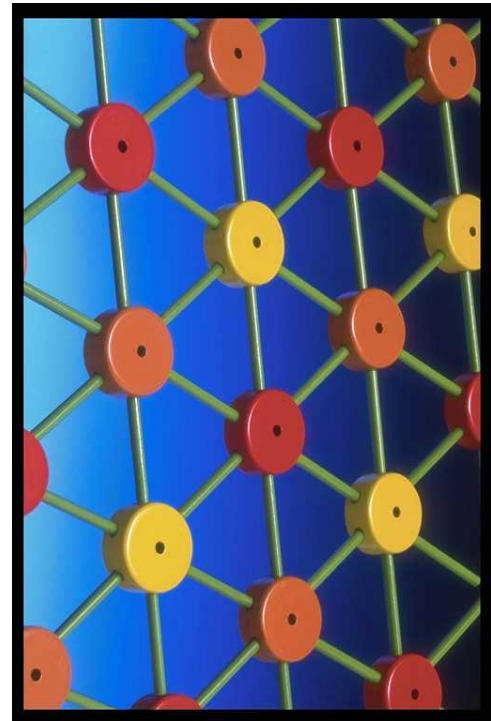
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Scope

- **60 Employees**
- **140 Auditors**
- **Offices in Washington DC, Houston, Beijing, Dubai and Singapore**
- **5000 Company Certifications; 600 Product Certifications; 40000 Personnel Certifications**
- **600+ Publications**
- **100+ Events**
- **8 Statistics Reports**



Monogram Program

Licensing and certification for manufacturers of oil & gas industry equipment and materials



- Upstream, downstream and supply-chain standards
- Promote the manufacture of safe, reliable and interchangeable equipment made to industry standards
- 4000 licensed facilities
- Over 65 countries
- Over 70 equipment standards
- Annual to every 3 year audits
- 3500 audits to be conducted in 2012

What is API Specification Q1?



- **Quality management system requirements for manufacturing equipment and materials for the oil and gas industry**
- **Maintained by an API Quality Subcommittee (SC 18) consisting of owner/operators, equipment manufacturers, quality system auditors, service companies and API equipment and quality professionals**
- **Incorporates ISO 9001 as the basis with additional requirements for the petrochemical, oil and natural gas industry – 41 extra requirements**

Extra Requirements and Controls



- Requires controls for preventing the use of nonconforming products, release and acceptance of nonconforming products, analysis of field nonconformities and customer notification
- Requires an annual management review and internal audit
- Increased controls for:
 - Design and design changes
 - Outsourced processes
 - Document and record control
 - Senior management commitment
 - Supplier selection and evaluation
 - Identifying personnel training needs
 - Product traceability
 - Product preservation
 - Verification of corrective and preventive action
 - Analysis of data
 - Service activities
 - Reviewing product requirements
 - Monitoring and measuring product conformance
 - Final inspection activities

What Does the API Monogram Mean?



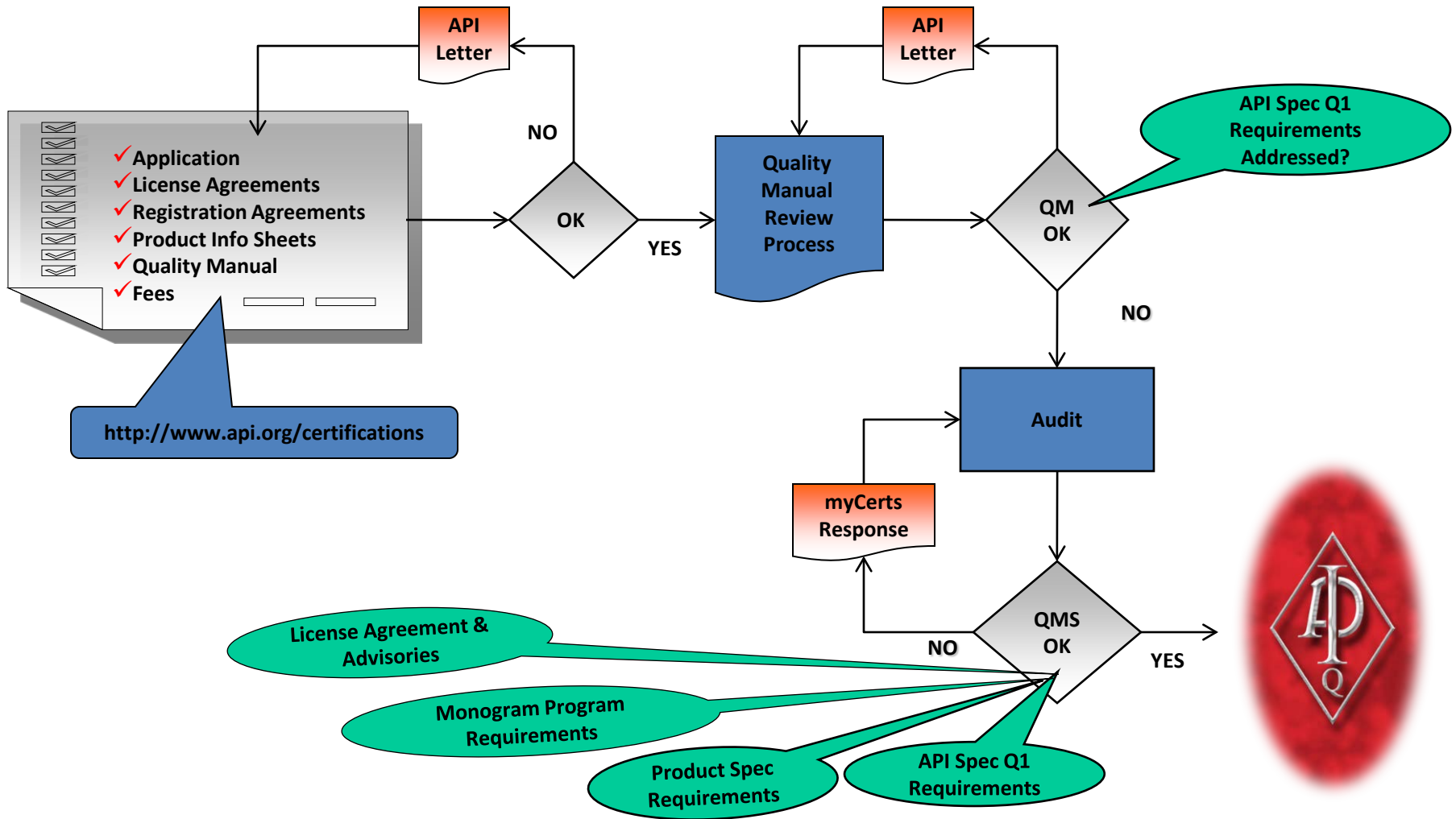
- Licensee's QMS is compliant with API Spec Q1
- Licensee has the proven capability to manufacture to API Product Specification requirements
- Licensee warrants to API and the purchaser that products meet all the API requirements
- Can only apply to conforming products
- Licensee can only apply the API Monogram on products for which they have a license
- Current and approved API Monogram Licensee
- Check the API Composite List for validity (real-time updates):

www.api.org/compositelist

API Product Specifications

- **Series 1: Belting**
- **Series 2: Offshore Structures**
- **Series 4: Derricks and Masts**
- **Series 5: Tubular Goods**
- **Series 6: Valves and Wellhead Equipment**
- **Series 7: Drilling Equipment**
- **Series 8: Hoisting Equipment**
- **Series 9: Wire Rope**
- **Series 10: Oil Well Cements**
- **Series 11: Production Equipment**
- **Series 12: Lease Production Vessels**
- **Series 13: Drilling Fluid Materials**
- **Series 14: Offshore Safety and Anti-Pollution**
- **Series 15: Fiberglass and Plastic Pipes**
- **Series 16: Drilling Well Control Systems**
- **Series 17: Subsea Production Systems**
- **Series 20: Supply Chain Management**
- **Series 600: Downstream / Refinery Valves**
- **Spec 650: Storage Tanks**

Licensing Process



Licensing of BOPs



- **API licensed BOP manufacturers, repairers and remanufacturers under API Spec 16A up to the 3rd Edition**
- **Repair/remanufacturing licensing withdrawn March 12, 2007**
- **API administrative concerns:**
 - **Required repair/remanufacture licensees to have access to original equipment manufacturers' designs**
 - **Lack of consistent access to OEM designs led to inconsistent and possibly inadequate controls**

Next Steps for BOP Standards



- **API Standard 53 “Blowout Prevention Equipment Systems for Drilling Operations”**
 - 1st ballot out on June 14 – closed July 29, 2011
 - 2nd ballot out November 17 - closed January 16, 2012
- **Final resolution scheduled for May 18th in an attempt to resolve the following outstanding issues:**
 - Allowance of a risk assessment in lieu of the requirement of two blind shear rams for moored vessels
 - Reach consensus on the requirement for an autoshear and deadman system on moored vessels
 - An option to allow the operator to use their internal exception process to deviate from requirements in the standard